

Message Text

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70

ACTION NEA-16

INFO OCT-01 ISO-00 STR-08 SPM-01 AGR-20 AID-20 EB-11 IO-14

RSC-01 COME-00 TRSE-00 SWF-02 CIEP-03 OMB-01 IGA-02

CIAE-00 DODE-00 PM-07 H-03 INR-11 L-03 NSAE-00 NSC-07

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R 160630Z AUG 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 3318

INFO AMEMBASSY DACCA

AMEMBASSY ISLAMABAD

AMEMBASSY KATHMANDU

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

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PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, IN

SUBJ: INDIAN FOODGRAIN SITUATION

REF: NEW DELHI 10612

BEGIN SUMMARY - AFTER TWO WEEKS OF IMPROVED RAINFALL, THERE WAS A
LESSENING OF MONSOON ACTIVITY IN INDIA DURING THE WEEK ENDING
AUGUST 14. RAINFALL WAS SUBSTANTIALLY BELOW NORMAL OVER NORTHERN,
NORTHWESTERN, MOST OF NORTHEASTERN, AND SEVERAL AREAS OF SOUTHERN
INDIA. DOMESTIC PROCUREMENT OF WHEAT AS OF THE FIRST WEEK OF AUGUST
TOTALLED APPROXIMATELY 1.75 MILLION TONS AGAINST 4.35 MILLION TONS
BY THIS TIME LAST YEAR. EEC HAS OFFERED SOME QUANTITIES OF GRANT
WHEAT TO INDIA WITH POSSIBLE LARGER QUANTITIES IN THE FUTURE.
END SUMMARY.

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1. THERE WAS A LESSENING IN MONSOON ACTIVITY IN INDIA DURING THE WEEK ENDING AUG 14, WITH ONLY 12 OF THE 35 WEATHER ZONES RECEIVING NORMAL OR ABOVE NORMAL RAINFALL. RAINFALL WAS SUBSTANTIALLY BELOW NORMAL, GENERALLY "SCANTY", OVER THE WHOLE OF NORTHERN, NORTHWESTERN AND NORTHEASTERN PARTS (BARRING GANGETIC WEST BENGAL) OF THE COUNTRY. IN SOUTH INDIA ALSO, MONSOON ACTIVITY WEAKENED CONSIDERABLY TUEER TAMIL NADU, SOUTHERN INTERIOR KARNATAKA AND SOUTHWESTERN ANDHRA PRADESHWN HOWEVER, ORISSA (A MAJOR RICE PRODUCING STATE ON THE EAST COAST) FOR THE FIRST TIME SINCE THE START THE CURRENT MONSOON SEASON, RECEIVED COPIOUS RAINS DURING THIS WEEK. MADHYA PRADESH IN CENTRAL INDIA ALSO RECEIVED WIDESPREAD RAINS, WITH THE EASTERN REGION OF THE STATE RECEIVING NORMAL RAINFALL AFTER A LAPSE OF 7 WEEKS. WHILE THERE WAS NO IMPROVEMENT IN THE RAINFALL SITUATION IN GUJARAT ON THE WEST COAST, MUCH OF ADJOINING MAHARASHTRA CONTINUED TO RECEIVE NORMAL TO ABOVE RAINS FOR THE SECOND WEEK IN SUCCESSION. THE CUMULATIVE PERFORMANCE OF THE MONSOON THUS FAR DURING THE CURRENT SEASON CONTINUES TO BE SUBSTANTIALLY BELOW NORMAL AND ALSO SUBSTANTIALLY BELOW THE GOOD TO EXCELLENT MONSOONS OF 1970, 1971 AND 1973.

2. ACCORDING TO AN OFFICIAL STATEMENT, DOMESTIC PROCUREMENT OF WHEAT AS OF THE FIRST WEEK OF AUGUST TOTALED APPROXIMATELY 1.75 MILLION METRIC TONS, AGAINST 4.35 MILLION TONS BY THIS TIME LAST YEAR. THE MINISTER OF STATE FOR AGRICULTURE A.P. SHINDE TOLD PARLIAMENT THAT IN ADDITION TO HOARDING OF VARIOUS LEVELS THE "DOWNWARD TREND" IN WHEAT PRODUCTION WAS ONE OF THE FACTORS RESPONSIBLE FOR THE LAG IN PROCUREMENT DURING THE CURRENT YEAR. MR. SINDE STATED THAT A PRECISE ESTIMATE OF THE 1974 WHEAT PRODUCTION HAS NOT YET BEEN COMPILED, BUT ON THE BASIS OF AVAILABLE INDICATIONS PRODUCTION IS EXPECTED TO BE LESS BY TWO MILLION TONS (COMPARED TO THE PREVIOUS YEAR). HE ATTRIBUTED THE LOSS IN PRODUCTION TO CERTAIN NATURAL CALAMITIES, POWER SHORTAGES AND "OTHER THINGS". THE MINISTER STATED THAT THE EXISTING PROCUREMENT POLICY WILL BE THOROUGHLY REVIEWED BEFORE MAKING ANY DECISIONS FOR THE NEXT SEASON. SHINDE INDICATED THAT SUGGESTIONS FOR IMPROVING PROCUREMENT BEING CONSIDERED BY THE GOI INCLUDE THE (A) LINKAGE OF THE SUPPLY OF INPUTS TO FARMERS WITH THE DELIVERY OF GRAIN TO GOVERNMENT AGENCIES AND (B) THE RECOVERY OF LAND TAX IN KIND FROM FARMERS.

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3. RISING PRICES AND INADEQUATE AND IRREGULAR DISTRIBUTION OF

FOODGRAINS THROUGH THE GOVERNMENT-CONTROLLED RETAIL OUTLETS CONTINUE TO CAUSE CONSIDERABLE HARDSHIP AMONG THE POORER SECTIONS OF THE POPULATION IN MANY PARTS OF INDIA. CONGEN BOMBAY REPORTS THAT THE FOODGRAIN SUPPLY POSITION IN THE BOMBAY DISTRIBUTION AREA SEEMS

TO HAVE SHOWN A STEADY DETERIORATION AS ARRIVALS OF WHEAT,

SORGHUM, CORN AND MILLETS HAVE DECLINED AND THE RECEIPT OF PULZAS HAVE GENERALLY BEEN MEAGER. THIS STEADY DECLINE IN ARRIVALS ALONG WITH UNCERTAIN PROSPECTS FOR THE FALL HARVESTED FOODGRAINS HAS CAUSED PRICES TO FURTHER INCREASE. WITH A VIEW TO INCREASING THE INFLOW OF SUPPLIES FROM SURPLUS STATES, THE MAHARASHTRA CIVIL SUPPLIES MINISTER HAS REQUESTED THE GOI TO MAKE AN UPWARD REVISION OF THE PRESENT CEILING PRICE OF RS. 150 PER QUINTAL FOR INTER-STATE TRANSACTIONS OF WHEAT AS THE SURPLUS WHEAT PRODUCING STATES ARE ALLEGEDLY UNWILLING TO SELL THEIR STOCKS TO MAHARASHTRA AT THE CURRENT CEILING PRICE.

4. THE ALL INDIA OFFICIAL WHOLESALE PRICE INDEX FOR FOODGRAINS DURING THE FIRST THREE WEEKS OF JULY 1974 AVERAGED 386.9, UP 3.1 PERCENT AND 34.0 PERCENT RESPECTIVELY COMPARED TO THE MONTHLY AVERAGES IN JUNE 1974 AND JULY LAST YEAR. THE ALL COMMODITIES PRICE INDEX DURING THE FIRST THREE WEEKS OF JULY, AVERAGING 312.9, WAS 2.5 PERCENT HIGHER COMPARED TO THE PREVIOUS MONTH AND 26.0 PERCENT HIGHER THAN IN JULY 1973.

5. EARLIER THIS YEAR THE UK OFFERED 30,000 TONS OF GRANT WHEAT TO INDIA AND INDIA ACCEPTED. THE AGREEMENT IS EXPECTED TO BE SIGNED IN THE NEAR FUTURE. IT IS OUR UNDERSTANDING THAT THE EEC HAS ALSO OFFERED 30,000 TONS OF GRANT WHEAT TO INDIA. BOTH QUANTITIES ARE BELIEVED TO COUNT AGAINST THE EEC'S 1973-74 FOOD AID OBLIGATION UNDER THE INTERNATIONAL FOOD AID CONVENTION OF THE IWA. INDICATIONS ARE THE INDIAN AMBASSADOR TO THE EEC HAS (POSSIBLY ON HIS OWN) APPROACHED THE EEC FOR SUBSTANTIAL QUANTITIES OF GRANT FOODGRAINS UNDER THE EEC'S 1974/75 FOOD AID OBLIGATION. AS FAR AS WE ARE AWARE, THE EEC COMMISSION HAS NOT RESPONDED TO THE AMBASSADOR'S APPROACH.
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